Trademark Bullying

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While I may not go so far as to call trademark bullying the "scourge of our times,"[2] as one commentator has, I will venture to suggest that it is certainly an unpleasant phenomenon. For some mysterious reason, trademark owners and their lawyers have recently adopted an over-aggressive strategy in order to "protect" their trademarks.

What I refer to as "trademark bullying" is the practice of large corporate entities threatening small entities or others who use the mark in non-commercial or non-competitive ways.[3] These actions are non-traditional because they are long-shots for successful infringement actions and because they do not pose loss of sales for the mark owners. My research reveals that often the strategy is not only unsuccessful in court, but also in the domain of public opinion. So why are these actions taken? These actions would only be taken if the mark owner believed it necessary to do so. These mark owners believe these actions necessary to protect the value of the mark. The most often stated reason for this aggressive posture is that failure to police the mark results in an abandonment under the law. My research demonstrates, however, that this fear is not borne out by the caselaw.

I. Instances of Trademark Bullying

iPod

Some of Apple's recent attempts to protect the word "Pod" fall into this category. Apple's recent cease-and-desist letter regarding an iPhone stand called "Podium" is an example. Apple issued a cease-and-desist letter to Pivotal, alleging the accessory manufacturer infringed its trademark by selling an iPhone stand called "Podium." In the letter, Apple says it made the iPod trademark famous, and in the marketplace the word "Pod" has become commonly associated with the media player. Apple alleged the use of the prefix "Pod" in Podium could confuse consumers into believing Apple is associated with the product. Apple's letter states, "as a trademark owner, Apple has a duty to protect its consumers and its valuable intellectual property." This is not the first time Apple has hassled a company over the use of the word Pod. In 2006, for example, Apple sent a cease-and-desist letter to a small business called TightPod, which sold protective covers for laptops and iPods.

Monster

Monster Cable, a company that manufactures cable for entertainment systems, has reportedly sent 400 cease and desist letters to companies that use the word "monster" in their business, has filed 190 USPTO actions against trademark applications that involve the word, and brought 30

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[2] "Trademark law is colonizing our shared cultural space." David Bollier, www.onthecommons.org, last visited 5/15/09.

[3] I am not including domain name actions where, although the registrant may be small and operating a non-commercial or unrelated website, the domain represents prime real estate. See, e.g., Nissan Motor Co. v. Nissan Computer Corp., 378 F.3d 1002 (9th Cir. 2004) (Nissan sued Uzi Nissan, who was the first to register the domains Nissan.com and Nissan.net, sites that ultimately hosted content critical of the famous car company and advertised for it rivals. The car company sought $10 million in damages as well as an injunction.).

lawsuits including against Disney over their animated film, "Monsters, Inc.," Monster.com, a job finding assistance site, the Boston Red Sock's Fenway Park over their use of the park's nickname "The Green Monster," and Monster Mini Golf, a small Mom and Pop mini golf park with a single location.

Barbie

Toy manufacturer Mattel Inc. owns the trademarks and copyrights to the iconic Barbie doll. Mattel unsuccessfully sued a British woman who sold sexually explicit dolls made with a Barbie doll product. Susanne Pitt, who operated the now-defunct www.dungeondolls.com, had offered for sale online a "dungeon doll" made partly of Mattel's SuperStar Barbie. Pitt allegedly attached a body of her own making to the SuperStar Barbie head and also used it in a sexual explicit story on her Web site.

In 1997, Mattel took issue with web artist Mark Napier over his "Alternative Barbies" website. Mattel also sued Barbara and Dan Miller, publishers of Miller's a magazine for adult Barbie collectors.

Mattel also took issue with Ophira Edut who edited a 1998 book of essays and titled it "Adios Barbie: Young Women Write About Body Image and Identity." She changed the name under pressure from Mattel lawyers.

Of course, Mattel famously lost its case again the Danish pop band Aqua over its hit, "Barbie Girl."[4] And in its case against the photographer Tom Forsythe over his series titled, "Food Chain Barbie," the Court of Appeals for the Ninth Circuit held that the copyright, trademark, trade dress and dilution claims were groundless, unreasonable and frivolous. The court awarded Forsythe $1,584,089 in attorney's fees and $241,797.09 in costs.[5]

University of Alabama

The University of Alabama sued a renowned painter of the university's football team in action. Over the past 20 years, Daniel A. Moore has made artistic renderings of quarterbacks passing, tackles rushing and receivers exulting after touchdowns. Moore's oil paintings sell for $65,000 each. The University asserted that Moore's paintings violate the university's trademark in its "famous crimson and white color scheme." Moore and his children are alumni of the University.

Abercrombie & Fitch

The Abercrombie & Fitch apparel line started the surfer motif Hollister label in 2000. The problem is that Hollister is a real place. Abercrombie & Fitch has been threatening Hollister, California residents and users over use of their home town's name on clothing.

Polo

Ralph Lauren sued the U.S. Polo Association over its proposed use of the word "Polo" for the title of its magazine, which was to be devoted to the sport of polo.[6] It is now titled, "Polo Players' Edition."

Kirby

Earl Farmer who owns a vacuum repair business, was sued by the vacuum manufacturer Kirby because in his yellow page ad he listed Kirby as one of the brands that he services.

Intel

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[4] Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 908 (9th Cir. 2002).

[5] Mattel Inc. v. Walking Mountain Production, 353 F.3d 792 (9th Cir. 2003).

[6] PRL USA Holdings, Inc. v. U.S. Polo Ass'n, Inc., 2006 WL 1881744 (S.D.N.Y. 2006); PRL USA HOLDINGS, INC. v. UNITED STATES POLO ASSOCIATION, INC., 520 F.3d 109 (2d Cir. 2008) (Polo Ralph Lauren sued the Polo Association of America and Polo prevailed at trial and on appeal.).

Intel Corp. brought an opposition against the Yoga Inside Foundation asserting that the nonprofit violates the chipmaker's "Intel Inside" trademark. Intel also brought a trademark infringement lawsuit against one-man business called Intellelectric. And a woman who opened her own real estate agency in Virginia received a cease-and-desidt letter from Intell over her name IntelAgent.

Priceless

Mastercard sued Ralph Nader over his presidential campaign ad that mimicked the Priceless ad format. The case went to trial and Nader won.[7]

Godzilla

The Japanese Toho Co., owner of the rights to Godzilla sued Dave Linabury who operated a humor website called "Davezilla.com" that had reptile-like and monster-like characters.

II. What the Law Requires of Trademark Owners

When asked why they have gone after small defendants or after weak cases, companies often state that U.S. trademark law forces them to do so. Mark owners say that the law requires them to protect their mark or risk losing it. Must trademark owners really sue possible infringers "in order not to abandon their rights?"

From the repetition of the mantra that failure to police results in a loss of rights one would assume that this would be a fairly established doctrine that is routinely addressed by courts. Instead, few courts have addressed this precise issue. Although there are numerous cases in which defendants raised an abandonment or laches defense based on failure to police, there are few in which the defense prevailed.

In many cases, the courts considered evidence of tolerated third-party use of the mark not as relevant to the strength of the mark, but did not consider this evidence to result in an abandonment of rights. For instance, in Pebble Beach Co. v. Tour 18 I Ltd.,[8] Tour 18 argued that Sea Pines's failure to police third-party uses of the lighthouse as a mark caused the mark "to lose its significance as a mark," thus constituting abandonment. The court held that the lighthouse has not lost its significance as a mark for golfing services, despite the third-party uses in relation to other products and services, stating "[t]hose third-party uses are only relevant to the strength of the mark in this case and do not evidence abandonment." And the district court in Pebble Beach Co. v. Tour 18 I, Ltd.,[9] found Tour 18's argument that Sea Pines abandoned the lighthouse as an identifying mark by failing to police third party uses not supported by the law or evidence. The court stated: "While the existence of multiple users of a mark may be relevant to assessing the strength or weakness of a mark, such uses are not relevant to a finding of abandonment."

In BellSouth Corp. v. DataNational Corp.,[10] the court was presented with an argument that the famous "Walking Fingers" logo had been abandoned for failure to police. The court found instead that AT&T never in fact treated the logo as a trademark. Prior to the divestiture of BellSouth in 1984, AT&T allowed any and all competing publishers of telephone directories to use the logo on their own directories. The evidence revealed that of the 6,200 classified

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[7] MasterCard Int'l, Inc. v. Nader 2000 Primary Comm., Inc., 70 U.S.P.Q.2d (BNA) 1046 (S.D.N.Y. 2004).

[8] 155 F.3d 526 (C.A.5 1998).

[9] 942 F.Supp. 1513 (S.D.Tex. 1996).

[10] 60 F.3d 1565 (Fed. Cir. 1995).

telephone directories published between 1988-89, approximately 5900 used the "Walking Fingers" logo on the front cover and another 300 used the mark somewhere in or on their directories. Many of these publishers had been using the mark since the late 1970s. The court thus held the mark generic and therefore abandoned, not because of evidence of a failure to police, but because of "near universal use of a logo in a given field for the identical goods."

So caselaw indicates that the law does not threaten trademark owners with the loss of their rights if they fail to aggressively police them. On the contrary, courts have rejected this claim repeatedly. Courts have also distinguished competitive uses from non-competitive or non-proximate uses. The only cause for concern for inactive mark owners is that is they tolerate widespread third party use of their mark, a court may conclude that is has lost some strength. But even this should not occur as a result of nominative uses by third parties that strengthen the distinctiveness of the mark by referring back to its source of origin.

III. Regulating Cease-and-Desist Letters

A big part of the problem of trademark bullying is the imbalance of resources. Many small businesses will immediately give in to threatening cease-and-desist letters. Litigation is too expensive to be a viable option for many small businesses.[11] And even if these parties could afford to litigate they would be out gunned. What often is critical to a trademark case is a well crafted consumer survey and a high-priced survey expert. A typical consumer survey costs between $30,000 and $50,000.

Trademark law in some jurisdictions, such as the U.K. and Australia, contains standards for sending cease-and-desist letters that prevents this U.S. phenomenon from occurring there. These statutory provisions are designed to prevent trademark owners from making wrongful threats of trademark infringement action against other parties. Thus, where one party makes a threat to sue another for trademark infringement, but does not have a genuine basis or intention to carry out that threat, or does not carry out the threat at all within a certain period, the threat may itself become a basis for legal action.[12]

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[11] The AIPLA's 2007 economic survey found the mean cost of pursuing a trademark infringement case through the trial phase is $327,000. The total range of litigation costs was $239,000-$600,000.

[12] See, e.g., Section 21, UK Trademarks Act 1994.